

7/5/2020

To: Platte Lake Improvement Association Members

From: John Collins

Date: July 5, 2020

Re: Memo Summarizing More Important Proposed Revisions to the PLIA Articles of Incorporation and Bylaws.

The Platte Lake Improvement Association, Inc. ("PLIA") hired Attorney Jeff Power of the law firm of Warner Norcross and Judd to work with Board Member John Collins to review and revise the PLIA Articles of Incorporation and the PLIA Bylaws. The purpose of this review process was to bring the PLIA documents into compliance with current IRS and Michigan law, to conform the documents to actual PLIA practices, to add protections for volunteer officers and directors as provided in Michigan law, and to revise these documents to allow for more modern governance provisions as provided in Michigan nonprofit law.

Jeff reviewed the PLIA documents and then prepared drafts of revised Articles and Bylaws. Jeff based these revised documents using his standard templates combined with the existing PLIA Articles and Bylaws. Jeff and John went through several drafts to arrive at drafts which John then shared and reviewed with Wil Swiecki. John relayed Wil's comments to Jeff who then prepared further revised documents. John then reviewed this next set of drafts with Wil took back to Jeff Wil's further comments. Jeff then prepared final drafts of both the Restated Articles of Incorporation and revised Bylaws.

At its March, 2020 meeting, the PLIA Board reviewed and discussed the revisions to both the Restated Articles of Incorporation and the Bylaws. At its meeting on April 30, 2020 the PLIA Board of Directors reviewed and approved the final revised Bylaws which are now in effect. At that meeting the Board also reviewed the Restated Articles of Incorporation to be submitted to the Members for approval.

Through this extensive review and revision process we tried to retain much of the structure and the unique operative provisions of the current Articles and Bylaws. The revisions to both documents were so extensive, however, that it was not practical to prepare "redline" drafts to mark the changes. Jeff put helpful explanations and comments next to many of the proposed revisions. I hope this memo, read together with Jeff's comments, will give you a clear picture of what has been proposed in the Restated Articles of Incorporation and why.

What follows is a brief list of the more important Articles revisions approved by the PLIA Board and presented now for approval by the PLIA Members.

Proposed Revisions to the Articles of Incorporation

ARTICLE II – Slight clarification to the purposes clause to be consistent with current PLIA practice and IRS law.

ARTICLE III – Update form of financing for the corporation to emphasize PLIA is funded by dues from members.

ARTICLE V – Add new language required for compliance with IRS 501(c)(3) requirements.

ARTICLE VI – Add new language to provide for limitation of liability for volunteer directors and officers. To be effective under Michigan law this provision must appear in the Articles.

ARTICLE VII – Add new language to provide for the assumption of liability for acts of volunteer directors and officers. To be effective under Michigan law this provision must appear in the Articles.

ARTICLE VIII – Add and clarify language required to as part of compliance with IRS 501(c)(3) requirements. Also, add language to comply with Michigan nonprofit corporation law.

ARTICLE IX – Add language to comply with Michigan nonprofit law regarding amendments.

Completed Revisions to the Bylaws

ARTICLE I: Purposes and Objectives – Conform the purposes and objectives to those provided in the Articles and make it clear that the provisions of the Articles govern. Confirm and continue the issues supported by the PLIA.

ARTICLE II: Membership – Revise Bylaws to conform to current membership practices, clarify voting rights, and provide that the Board fixes annual dues. Most importantly this provision makes it clear that a member must be 18 years old and reside permanently or seasonally in the Platte River watershed.

ARTICLE III: Members' Meetings – Provide much new language to clarify and bring into compliance with Michigan law provisions related to Members' Meetings, notices, voting processes, use of proxies, and other aspects related to Members' Meetings.

ARTICLE IV: Board of Directors – Provide language that clarifies and makes the Bylaws consistent with current PLIA board practices related to number, election, handling vacancies, and new directors. Makes it clear that, consistent with Michigan law, the Board manages the corporation’s business and may exercise all of the corporation’s powers except those powers reserved to the members under the Articles, the Bylaws or Michigan law.

ARTICLE V: Committees – Revise and clarify the Bylaws to conform to current practices and to conform to Michigan nonprofit law.

ARTICLE VI: Directors’ Meetings – Provide much new language to clarify and bring into compliance with Michigan law provisions related to Directors’ Meetings, notices, voting processes, use of proxies, and other aspects related to Directors’ Meetings. Section 8 of this ARTICLE contains the requirement of Michigan law that when a board is acting without a meeting by written consent, that action must be unanimous.

ARTICLE VII: Officers – Provide language to clarify and make the Bylaws consistent with current PLIA practices related to election, term, and duties of officers, including the recent amendments to the Treasure’s duties.

ARTICLE VIII: Indemnification – Provide indemnification to volunteer directors and officers, consistent with Michigan law. Also clarify the provision related to directors and officer’s insurance.

ARTICLE IX: General Provisions – Retains current Bylaws provisions related to deposits, disbursements and fiscal year. Specifically, Section 2 retains the disbursement provisions recently added to the Bylaws.

ARTICLE X: Amendments – Clarify and expand the rights to amend the Bylaws. Importantly this provision as proposed allows for either the members or the directors to amend the Bylaws. Of course, the directors could not amend the Bylaws inconsistent with the rights of members or Michigan laws. But it would allow the directors to amend the Bylaws to address routine and simple matters without being forced to go to the members for a vote.